

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ISO-00 AEC-11 AID-20 CEA-02

CIAE-00 CIEP-02 COME-00 DODE-00 FEA-02 FPC-01 H-03

INR-10 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

SAM-01 SCI-06 SPC-03 SS-20 STR-08 TRSE-00 DRC-01 /164 W

----- 105597

R 040700Z FEB 74

FM AMCONSUL LUANDA

TO SECSTATE WASHDC 2477

INFO AMEMBASSY LISBON

AMCONSUL LOURENCO MARQUES

LIMITED OFFICIAL USE LUANDA 0118

E.O. 11652: N/AD

TAGS: ENRG, AO

SUBJECT: PRICE OF GASOLINE RAISED 21 PERCENT

REF: LUANDA 0600 (11/14/73)

1. OFFICIALLY CITING "NON-IMPROVEMENT" (I.E. NO DROP) IN CONSUMPTION RATE AS RATIONALE, GOVERNMENT HERE RAISED PUMP PRICE SINGLE LOCAL GRADE GASOLINE 21 PERCENT (TO ESC. 7.50/LITTER, US\$1.127 GALLON) EFFECTIVE FEB 28. OTHER POL PRICES HERE REMAIN UNCHANGED FROM LEVELS SET NOVEMBER, 1973 (REFTEL) WHEN GASOLINE PRICE ROSE 12.7 PERCENT.

2. STEP TAKEN 26 DAYS AFTER LAST INCREASE IN METROPOLE. (LAST ROUND LAG WAS ONLY FIVE DAYS.)

3. ACCORDING INDUSTRY SOURCES, DURING DECEMBER/JANUARY 1973/74, GOP NEGOTIATED SOME SMALL, ONE-TIME PURCHASES OF DIESEL FUEL FROM SPECULATORS AT PRICES ALMOST DOUBLE PUMP PRICE. ALTHOUGH SITUATION HAS IMPROVED SINCE THEN (INDUSTRY CLAIMS PRIVATELY THIS DUE TO THEIR RESUMING THEIR BROKERAGE ROLE AFTER GOVERNMENT OFFICIALS

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REALIZED THEY WERE BEING HAD BY SHARP INDEPENDENT TRADERS), GASOLINE AND LPG COMSUMERS STILL SUBSIDIZING DIESEL USERS.

SUBSIDY HAS MILD INCOME REDISTRIBUTION EFFECT SINCE GASOLINE CONSUMPTION VIRTUALLY ALL BY MIDDLE CLASS AND ABOVE WHILE DIESEL FUEL CONSUMPTION IS SOCIETY-WIDE.

4. COMMENT: HOLDING LINE ON DIESEL PRICE CLEARLY RESULTS FROM COMBINATION OF GOVERNMENT'S DESIRE NOT RAISE AGRICULTURAL AND TRANSPORTATION COSTS AND HENCE COST-OF-LIVING AND ITS FEAR OF VOLATILE PROFESSIONAL DRIVERS WHO ARE MOSTLY LOW-INCOME WHITES. A FEW YEARS BACK TRUCKERS SERIOUSLY HUMBLING FORMER GOVERNOR GENERAL WHEN HE ANNOUNCED DIESEL PRICE INCREASE.
BRIGGS

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Message Attributes

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